

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6843

BILL NUMBER: HB 1501

NOTE PREPARED: Jan 5, 2011

BILL AMENDED:

SUBJECT: Twenty-First Century Scholars Program Eligibility.

FIRST AUTHOR: Rep. Messmer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a Twenty-First Century Scholars Program participant to agree to refrain from consuming alcoholic beverages and using tobacco products while participating in the program. It makes a Twenty-First Century Scholars Program participant subject to alcohol and drug testing. The bill also requires that a participant meet the income eligibility of the program for every year they participate in the program, including when they receive the scholarship.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill could reduce expenditures for the Twenty-First Century Scholars Program by the following provisions: (1) it requires students to refrain from consuming alcoholic beverages or using tobacco products and to take a drug test at least once while in the program; and (2) it changes the income eligibility so that students must be eligible for the free and reduced lunch program for every year they participate in the program, including while they are receiving the scholarship.

Drug Testing: A scholarship recipient is subject to an alcohol or drug test at least once while participating in the program. The impact of this requirement depends on how the State Student Assistance Commission implements the requirement and who is required to pay for the test.

Currently, about 55% of the students enrolled in the program as 6th, 7th, or 8th graders are affirmed and receive scholarships. The bill could reduce the number of 21st Century Scholars who receive scholarships. However, if the student is ineligible for the 21st Century Scholars Program due to consuming alcoholic beverages or using tobacco products, they might still be eligible for the Higher Education Award that is also based on need. The difference in the 21st Century Scholarships Grant and the Higher Education Award is about

\$3,280. The savings for each 100 students that are not affirmed due to use of alcohol or tobacco would be between \$250,00 and \$578,000.

Income Eligibility: The bill also provides that a student must qualify for the free and reduced lunch program for every year they are in the program, and it requires that to renew a scholarship in the sophomore, junior, and senior year of college, a student's income or the parent's income (if the student is a dependent) also meets these income guidelines. This provision may reduce the number of scholarships granted and renewed due to changes in the parents' or student's current income status. The savings for each 100 scholarships that are not renewed would be about \$578,000.

Background: The Twenty-First Century Scholars Program provides students who meet the income eligibility requirements (being eligible to receive free or reduced price lunches under the National School Lunch Program), fulfill a pledge to maintain a 2.0 grade-point average, and be drug free, a guarantee of a four-year education at a public higher educational institution. Students enroll in the program as 6th, 7th, or 8th graders. The annual enrollment into the program has varied from about 8,381 students in FY 2005 to 11,346 students in FY 2009 in Grades 6 to 8. The number of 21st Century Scholarships used in 2008 was 11,346 with an average scholarship of \$5,780.

The State Student Assistance Commission in recent years has not been able to fully fund the Higher Education Award requests due to funding constraints and the requirement to fully fund the Twenty-First Century Scholars Program. Twenty-First Century Scholars Program has funding priority over the Higher Education Award, a needs-based scholarship, and the Freedom of Choice Scholarship, scholarships to private schools.

Income eligibility for the National Free and Reduced Lunch Program are 130% and 185% of the Federal Poverty Level.

2010 Federal Poverty Level Guidelines (Family Income per Year) *			
Family Size	100% FPL	130% FPL	185% FPL
1	\$10,830	\$14,079	\$20,036
2	14,570	18,941	26,955
3	18,310	23,803	33,874
4	22,050	28,665	40,793
5	25,790	33,527	47,712
6	29,530	38,389	54,631
7	33,270	43,251	61,550
8	37,010	48,113	68,469
Each Add'l	\$3,740	\$4,862	\$6,919
Source: Federal Register, Vol. 75, No. 14, Jan 22, 2010, pp. 3734-3735; Federal Register, Vol. 75, No. 148, Aug 3, 2010, pp. 45628-45629. < http://aspe.hhs.gov/poverty/10poverty.shtml >			
Median Household Income (Indiana Average - 2009): \$45,424. Median Family Income (Indiana - 2009): \$56,432. Families Below Poverty Level (Indiana - 2009): 236,000 (13.9%). Individuals Below Poverty Level (Indiana - 2009): 896,972 (14.4%). Source: U.S. Census Bureau, 2009 American Community Survey. U.S. Census Bureau, Current Population Survey, 2010.			

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission.

Local Agencies Affected:

Information Sources: State Student Assistance Commission; Federal Register; Census Bureau.

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